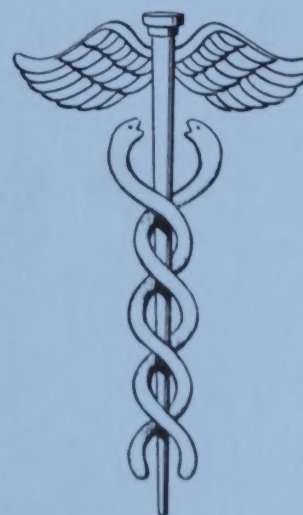


JAN 26 1977

HOSPITAL MANAGEMENT STUDY



BERTIE COUNTY
North Carolina

HOSPITAL MANAGEMENT STUDY

BERTIE COUNTY, N. C.

Prepared For:

The County Commissioners of Bertie County

September, 1976

By

North Carolina Department of Natural & Economic Resources
Division of Community Assistance, Local Planning & Management Section
Washington, N. C.

Tom Richter, Chief Planner
John Shore, Planner-in-Charge
Mary Noe, Secretary



Digitized by the Internet Archive
in 2016

TABLE OF CONTENTS

| CHAPTER | Page |
|--|------|
| I. INTRODUCTION | 1 |
| History of Study | 1 |
| Methodology | 2 |
| Summary | 3 |
| II. THE MANAGEMENT PROCESS | 4 |
| III. STRENGTHS AND WEAKNESSES | 9 |
| General Administration | 9 |
| Business Operation | 12 |
| Policy Planning | 14 |
| Personnel | 15 |
| IV. RECOMMENDATIONS | 17 |
| Organizational Changes | 17 |
| Process Changes | 18 |
| Procedural Changes | 21 |
| V. ACTION PLAN | 25 |
| Organizational Recommendations | 25 |
| Process Recommendation | 26 |
| Procedural Recommendation | 32 |

APPENDIX A - CHECK-OFF CHART FOR IMPLEMENTATION OF RECOMMENDATIONS

I. INTRODUCTION

"....The hospital is an organization that has limited control of its primary producers of business (the medical staff) and that must maintain adequate standby facilities and highly professional and highly skilled professionals twenty-four hours a day, seven days a week. It is a labor intensive organization and ripe for conflict. The labor force amounts to two-thirds of the operating cost, and the division of labor is extreme, with highly specialized and independent departments integrating their activities to provide good patient care."¹

The above description of the hospital as an organization can also serve as a description of Bertie County Memorial Hospital. The same problems and conflicts identified are found in the Bertie Hospital. The modern hospital is possibly the most complex social organization that can be found in society. Managing such an organization is a demanding task calling for a skilled administrative team. This study is an attempt to evaluate the administrative process used in Bertie's hospital.

HISTORY OF STUDY

In January, 1976, Bertie County received a grant from the State of North Carolina to conduct a local government management study. After careful consideration the County Commissioners felt that such a management study would be of maximum benefit if it focused on the county hospital instead of on county government in general. In contracting with the Division of Community Assistance, Local Planning and Management Services Section, N. C. Department of Natural and Economic Resources, the Bertie County Commissioners requested that a hospital management study be conducted. Work on the study began in June, 1976.

¹Gavin and Kessler, "A Hospital Management Program." Hospital Administration, Fall, 1975.

METHODOLOGY

In preparing this report the consultants interviewed five groups of people in an effort to determine how the management process worked in the Bertie County Memorial Hospital, the strengths and weaknesses of that process, and how the management process might be strengthened. These five groups were:

- (1) Hospital Administrator and selected department heads;
- (2) Physicians working with the hospital;
- (3) Selected hospital trustees;
- (4) Representatives of external agencies who deal with the hospital, such as county health department, social services department and county manager's office; and
- (5) People with technical expertise, such as the hospital's accountants.

All interviews were conducted on a confidential basis.

The information gathered was analyzed by the consultant to determine how effectively the five basic functions of modern management (comprehensive policy planning, budgeting, project planning and implementation, monitoring and evaluation) are being carried out and what additional problems the hospital might be facing. The hospital's managerial strengths and weaknesses were analyzed and specific recommendations made to correct current weaknesses. Finally, an action plan was developed which outlines the various steps which can be taken in order to implement the recommendations contained in this study.

It is recommended that six months after submission of this study, follow-up interviews be conducted to determine to what extent the recommendations have been acted on. The follow-up could be done either by the consultant or by local personnel.

SUMMARY

In summary, this report represents the product of the consultant's efforts - the strengths and weaknesses found to exist in Bertie County Memorial Hospital, recommendations designed to better equip the hospital to handle present difficulties and future demands, and an action plan for implementing the recommendations in an orderly manner.

It should be noted that this study is critical in nature and deals primarily with the weaknesses of the organization in order that they may be strengthened. While examining these weaknesses, it should not be forgotten that the hospital does have its strengths. In talking with people who were former patients of the hospital, comments about the high quality of food service, and the personal nature of the health care offered were mentioned repeatedly.

In submitting this report, the author wishes to thank the hospital administrator, members of the Board of Trustees, the department heads and others for their generous cooperation and assistance in this important and productive self-evaluation. The fact that the hospital as an institution is willing to cooperate in such a self-evaluation is further evidence of its commitment to meet the public health challenge of the citizens of Bertie County.

II. THE MANAGEMENT PROCESS

The effectiveness and efficiency of any organization is usually affected by the presence or absence of certain management processes and procedures, the manner in which functional responsibilities are carried out and coordinated, and the overall goals guiding the daily actions of the various departments and key personnel. With the complexity of organization existing in hospitals, and the problems and conflicts pointed out in the Introduction, the processes and procedures are especially critical.

Five functions are basic to any process of modern management: comprehensive policy planning, budgeting, project planning and implementation, monitoring, and evaluation. Each of these functions is examined below, with objective comments provided concerning the current role of each function in the management of Bertie County Memorial Hospital.

A. Comprehensive Policy Planning should include:

- (1) The collection of data to provide decision-makers with facts as to existing situations and future needs;
- (2) Input from the community as to their concerns and needs, and their perceptions of the effectiveness of services that are rendered; and
- (3) Technical guidance from department heads and other knowledgeable hospital personnel.

Comment: There is no evidence of comprehensive policy planning in Bertie County Memorial Hospital. The collection of data is haphazard, aimed chiefly at satisfying requirements by third-party payors, HEW, etc. There is no systematic collection of data for use by decision-makers in analyzing existing situations and future needs. No formal mechanisms exist for obtaining

from citizens meaningful and timely information on community concerns and needs and perceptions of the effectiveness of services rendered.

Technical guidance from department heads and other knowledgeable hospital personnel exist only as a dialog between department heads and the administrator. No effort is made to utilize the technical expertise of the department heads by pooling their guidance. Department heads do not prepare their department's budgets, nor in most cases, are they consulted on the budget.

B. The word Budget stems from bougette, the name given to a leather bag which the monarch's treasurer carried to the medieval English Parliament. The bougette contained documents surveying the kingdom's needs and chronicling the realm's resources. Discussion of these matters got underway when the bag was opened, hence the phrase "to open the budget." The budget is more than a financial document. It is a process through which policy is expressed, put into effect and controlled. The heart of the budgeting process - a plan for the coordination of expenditures and resources - remains essentially the same as in the days of the bougette. The budget is still a document of fiscal control, however, its purposes have expanded to serve two other major purposes:

- (1) Management information. In addition to financial information, the modern budget provides data on work units, manpower and other indicators of services, activities and tasks.
- (2) Planning and Policy Implementation. This most recent purpose of budgeting brings budgeting more closely into the actual planning and carrying out of work from a management point of view.

In addition to the operating budget, which is a detailed operating plan phased over one year's time, capital budgeting allows an organization to anticipate major expenditures over a longer time frame. Such a budget is essential for anticipating future needs.

Comment: The hospital's budget is inadequate. It fails to serve even as a document of fiscal control. The budget is prepared by the Business Manager or Hospital Administrator without consulting department heads. The resulting budget is more of a budget summary than a true budget. It lists projected revenues and expenditures by broad categories and fails to provide even a breakdown by department. The hospital has no capital budget. The capital budget is the primary document that summarizes future major investments - it therefore represents the Trustees' statement on the future development of the hospital.

- C. Project Planning and Implementation should be the next step in the management process. Simply stated, this is the molding of the hospital's policies and budgeted money into specific action plans.

Comment: There is no evidence that project planning and implementation are part of an overall management process. Projects emerge in response to a problem and/or at the urging of a department head or physician. It should be noted that the planning of projects was limited in the past, due to financial restrictions.

- D. Monitoring is the function by which management keeps track of the progress of a given project or activity, both as to performance and spending.

Comment: The hospital has a marginally adequate fiscal monitoring system. Monthly accounting reports are provided by the hospital accountant. The information contained in these reports are adequate for management decision

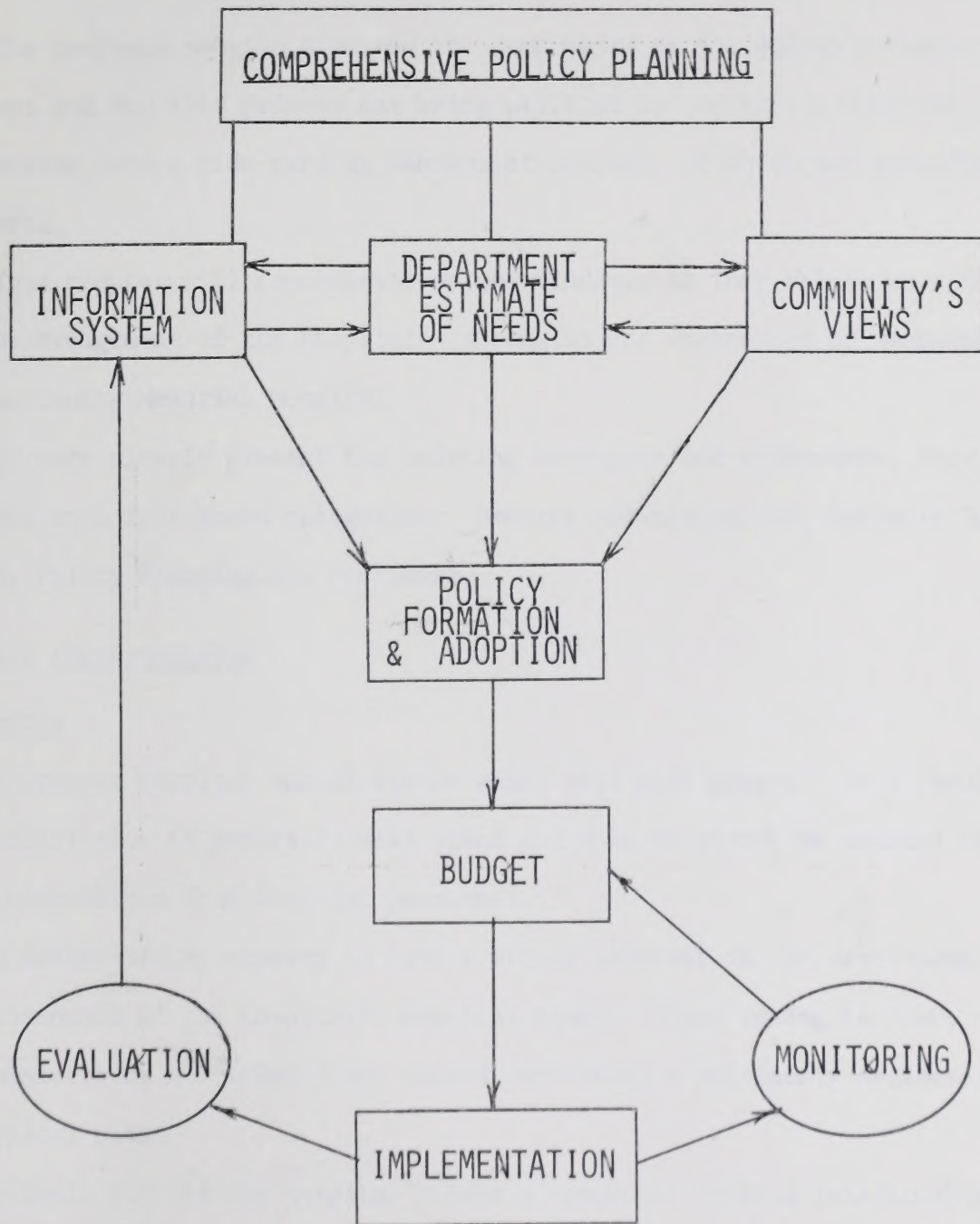
but are only available once a month. Current fiscal information is unavailable. The hospital has no formal means for monitoring performance.

E. Evaluation is the final step in the management process. It is a means by which management measures the effectiveness of its efforts to achieve its goals and priorities. The results of such an evaluation should influence the entire management process the following year as the cycle of comprehensive policy planning, budgeting, project planning and implementation is repeated.

Comment: Bertie County Memorial Hospital has no formal evaluation process.

CONCLUSION

The Bertie County Memorial Hospital lacks any formal management process. Management is on an informal, day-to-day, "seat-of-the-pants" approach. In a small hospital, such as Bertie's, this informal approach can be made to operate on a short-term basis, however, the long-term viability of the hospital is dependent upon a proper management system being established.



THE MANAGEMENT PROCESS

III. STRENGTHS AND WEAKNESSES

The previous section examined the components of the modern management process and how this process was being utilized in the Bertie Hospital. The discussion used a wide-ranging management concept, of which was specific only in parts.

This chapter will concentrate on our findings as they relate more directly to the management of the hospital - strengths and weaknesses of management in Bertie County Memorial Hospital.

To more clearly present the existing strengths and weaknesses, they are divided into four broad categories: General Administration, Business Operations, Policy Planning and Personnel.

GENERAL ADMINISTRATION

Strengths

- The present hospital Administrator works well with people. As a result, the Administrator is generally well liked and able to elicit an unusual degree of cooperation from hospital personnel.
- The Administrator appears to have a strong interest in the development and maintenance of the hospital's physical plant. Since coming to BCMH, the Administrator has taken steps toward renovating a previously neglected physical plant.
- The small size of the hospital allows a congenial working relationship for employees. A by-product is more personal care for patients.
- Inter-departmental relationships are excellent. No difficulties were reported by any department in working with other departments.

Weaknesses

- As reported in the previous chapter, the hospital lacks any formal management process. Management is on an informal, day-to-day, "seat-of-the-pants" approach. This informal approach can only succeed over a short term and is probably responsible for many of the hospital's difficulties today.
- Some of the Trustees interviewed feel as though the Administrator is unresponsive to their requests. These same Trustees feel that the Administrator is often unprepared for Board Meetings and is unable to answer many of their requests for basic information.
- Administration of the hospital appears to be dominated by the medical staff, primarily the chief of staff. This perception is widely held, both within the hospital staff and by outside observers. The result is a confusion of the roles played by the Administrator and the medical staff.
- Some hospital staff members are frustrated by the perceived weaknesses of the Administrator vis-a-vis the medical staff. These staff members feel that they have no recourse when the medical staff makes demands on the staff which are inconsistent with their job descriptions.
- As a result of the perceived view of the medical staff as the defacto administrator of the hospital, the Hospital Administrator is sometimes by-passed in the decision-making process. One example of this is a case where a doctor associated with the hospital was also conducting clinics for the County Health Department. In conducting this clinic the physician found it necessary to have lab work performed. Arrangements were made to have this lab work done by the hospital lab. The Administrator was not aware of this arrangement until the Health Department initiated payments for the lab work. Other hospital employees report that they often by-pass the Administrator because they feel that the medical staff ultimately makes the decision anyway.

- There is insufficient inter-departmental communication. One example of this is the fact that while the business office is in the process of preparing a personnel system, which would impact every department in the hospital, none of the department heads outside of the business office were aware that the study was being prepared.
- While the various department heads in the hospital represent a wide range of expertise and a great many years of hospital experience, this expertise and experience is underutilized. The Administrator consults with the department heads only on a one-on-one basis and never approaches them as a "team."
- Monthly staff meetings are held which meet medical needs but do not address management needs.
- The Administrator is overburdened by details. Thus, weighted down, he has difficulty rising above the day-to-day operation of the hospital to plan for the long-range viability of the hospital.
- The Hospital Administrator is too accessible. The physical location of the Administrator's office subjects him to constant interruption. This contributes to the problem mentioned above by making it easier to bring those details to the attention of the Administrator.
- Hospital procedures are not clearly understood by all, especially the newer employees of the hospital. An organization as complex as a hospital relies upon these procedures and if they are not understood, problems arise.
- The hospital needs to upgrade its community relations. While some individuals in the community recognize the assets of the hospital, many are unaware of the personalized, high quality patient care that is available locally but often missing from larger facilities.

BUSINESS OPERATIONS

Strengths

- The business operations of the hospital have been strengthened since arrival of the present business manager. A system to follow-up on accounts receivable has been developed and initiated.

Weaknesses

- The hospital does not operate under a balanced budget. State law (G.S. 159-39) states that "Each public hospital shall operate under an annual balanced budget. A budget is balanced when the sum of appropriation is equal to the sum of estimated net revenues and appropriated funds balances." The projected budget for Bertie County Memorial Hospital for FY 1975-76 shows a projected deficit of \$131,142.
- The budget document is inadequate. It fails to serve even as a document of fiscal control. The budget is prepared without consulting the department heads. The resulting budget is more of a budget summary than a true budget. It lists projected revenues and expenditures by broad categories and fails to provide a breakdown by departments.
- The hospital lacks a capital budget. Such a budget is essential if public funds are to be judiciously spent on costly capital improvements.
- County money appropriated to subsidize operation of the hospital lack any strings, resulting in use of these funds to plug holes in the hospital's finances. If these funds were appropriated for a specific purpose it would demand more careful financial planning on the part of the hospital.
- A large number of bills remain outstanding. During a recent six month period 25 percent of the inpatient bills were not collected. During the same period, 85 percent of the non-third party patient bills were outstanding. While an effort is apparently being made to collect accounts receivable, some former patients still have not received bills.

- The hospital has a large number of inactive accounts dating back as far as 1968.
- The hospital has a large number of incomplete medical charts which, until they are completed, cause delays in billings. It is estimated that there are between 500 to 1,000 charts are incomplete for the years 1968-1973. There are approximately 50 recent charts which are incomplete. These incomplete charts have been brought to the attention of the medical staff.
- The Business Manager is not aggressive enough in dealing with creditors, other department heads and medical staff. She feels that due to being a woman, she often lacks creditility in dealing with others.
- The hospital operates on a low occupancy rate. During 1974-75, the hospital averaged an occupancy rate of 68.54 percent (excluding the nursery). The occupancy rate for this year has been 68.25 percent. It is estimated that the hospital needs to achieve an occupancy rate of closer to 75 percent to break even.
- Too many people are employed in the business office. The following factors are responsible for this: first, all business operations such as billing, payroll, etc., are done by hand. This is labor intensive and error prone. Secondly, the business office provides secretarial assistance to some of the medical staff. Third, the business office is open from 8:00 A.M. to 9:00 P.M., requiring additional personnel to cover the period beyond normal business hours.
- Records coming to the business office from the emergency room or the floors are sometimes incomplete or inaccurate resulting in difficulty in billing.
- The monthly financial statement provided by Pittard and Perry is incomprehensible to many of the Trustees and thus useless to them in appraising the financial condition of the hospital.

POLICY PLANNING

Strengths

- The Administrator has presented to the Trustees an "Administrator's Report On The Status of Bertie County Memorial Hospital and Proposals For the Future." This report presented an assessment of the hospital's needs concentrating on attracting additional medical staff; and improving, modernizing and enlarging the present hospital facility. It is an excellent initial effort at anticipating future needs.

Weaknesses

- There has not been any follow-up on the report mentioned above. Trustees are largely unaware of it and have never adopted it as policy.
- There is a general lack of policy planning. Situations are reacted to rather than anticipated.
- The hospital's formal, adopted policies are outdated. They were adopted prior to the present Administrator being employed.
- The hospital's department heads are underutilized for technical guidance. While department heads are asked for guidance in their specialized area of expertise, no effort is made to pool the expertise and experience represented by the department heads.
- There is no systematic collection of data for use in the formulation of policy. Census data and population projections could be used to anticipate what type of clientele the hospital could anticipate, for instance.
- No formal means exist for obtaining citizen input into the formation of hospital policy. Such input would legitimize actions of the hospital which now raise comments.

- Several of the Trustees feel that information afforded the Board of Trustees is inadequate for their purposes. As mentioned previously, many fail to understand the monthly financial statement provided by Pittard and Perry. In addition, some Trustees feel the Administrator is not adequately prepared for Board Meetings and is unable to answer many questions raised during the course of a normal meeting.
- Often members of the Board of Trustees are not adequately prepared. In talking with several Trustees, they often were unaware of materials that had been brought to their attention.
- There exists no system of management tied to policies, goals or objectives. No clear cut definition of what directions the hospital is headed exist for management to measure its progress by.

PERSONNEL

Strengths

- In general, the hospital personnel enjoy a harmonious relationship.
- The hospital personnel seem to genuinely care about their patients, resulting in high degree of competent personalized care.

Weaknesses

- The hospital lacks an adequate personnel policy. This has resulted in confusion over job responsibilities, difficulty in determining vacation and sick leave benefits and inequities in salaries.
- Some personnel feel they can not take their grievances to the Administrator. This is a result of either the grievance being a result of actions by the Administrator or by the medical staff, who personnel view as dominating the Administrator.
- There is a lack of incentive to meet the challenges and conditions facing the staff. An example of this is the demands placed on the lab and x-ray staffs.

Both staffs are on call 24 hours a day and often work well in excess of 40 hours a week. They receive no overtime pay nor do they receive an added compensation for having to come in to work at 3:00 A.M. In addition, raises are across the board with no consideration given for longevity or merit.

- There exists a possible conflict of interest with Mr. Carraway serving as a Trustee of the hospital while contracting with the hospital to provide services and selling supplies to the hospital.

IV. RECOMMENDATIONS

The contract between Bertie County and the Division of Community Assistance requires that the consultant provide a review and evaluation in regard to organization and procedures needed by the hospital to efficiently manage its program and meet its objectives. This analysis was provided in Chapters II and III.

In addition to the analysis of existing conditions, the consultant was obligated to provide recommendations which would lead to more efficient management of the local hospital. This Chapter contains those recommendations.

To assist the Administrator, Board of Trustees and County Commissioners in evaluating these recommendations, the recommendations are divided into three broad categories:

- (1) Organizational Changes
- (2) Process Changes, and
- (3) Procedural Changes.

ORGANIZATIONAL CHANGES

1. Community Relations Council

• Finding: As noted previously, the hospital lacks an adequate means of communicating its assets to the community and providing the community with a formal means of having input into hospital policy.

A. Recommendations: The Board of Trustees should create a Community Relations Council. This Council should be charged with the responsibility of informing the community of hospital policies, programs, and other points of interest. The Council should also serve as a sensitively attuned antenna which is constantly aware of shifts in public opinion as regards the hospital. The Council should make periodic reports to the Trustees and

Administrator as to what the public perceives is the strengths and weaknesses of the hospital.

2. Grievance Committee

• Finding: Previous sections of this study have reported that employees feel that the Administrator is dominated by the medical staff. As a result, some personnel feel they can not take their grievances to the Administrator. Also, some personnel naturally are hesitant to confront the Administrator with grievances pertaining to actions by the Administrator.

A. Recommendation: The Administrator should establish a Grievance Committee. The committee should be charged with establishing a Grievance Policy and implementing that policy once it has been approved by the Administrator and Trustees.

PROCESS CHANGES

1. Comprehensive Policy Planning

• Finding: As discussed in some detail in the previous Chapters, the hospital lacks a formal comprehensive policy planning process. Such a process is essential if the hospital is to overcome its present day-to-day management pattern and become a long-term, viable institution.

A. Recommendation: The Administrator should develop a formal, comprehensive management process. This management process should contain the five basic functions (comprehensive policy planning, budgeting, project planning and implementation, monitoring, and evaluation) of management outlined in Chapter II.

B. Recommendation: An annual "Report on the Status of Bertie County Memorial Hospital" should be submitted with the proposed budget to the Board of Trustees. The report should contain (1) an assessment of existing

facilities and personnel, (2) projected needs as related to existing facilities, (3) new programs reflected in the proposed budget, and (4) how the proposed budget relates to the long-term objectives of the hospital.

- C. Recommendation: The Board of Trustees, assisted by the Administrator and hospital staff should conduct a comprehensive review of existing policy and update any policies found lacking.
- D. Recommendation: The Administrator should develop a data system which meets his needs, the needs of the Board of Trustees and the needs of the staff. The Administrator should survey those parties to determine what their needs are.
- E. Recommendation: The Administrator should organize the hospital department heads into a "management team" adding their expertise and experience to the management of the hospital. Such a management team would bring the decision-making process out into the open, facilitate inter-departmental communication and relieve some of the administrative burden presently placed on the Administrator.
- F. Recommendation: Building on the above actions, the Administrator, assisted by his management team, should implement a system of management-by-objectives. An MBO system would allow the hospital to establish measurable objectives by which the hospital staff could measure their progress at the end of each year. This would give direction to the staff and provide the Trustees with an objective means of evaluating the performance of the hospital staff.

2. Budgeting

- Finding: The hospital's budget is inadequate. It is not balanced as required by state law. It is prepared without consulting the department heads and resembles more of a budget summary than a true budget.
- A. Recommendation: The Administrator, assisted by the Business Manager and the other department heads, should immediately begin preparing a balanced budget based on anticipated revenues and expenditures for the fiscal year beginning October 1, 1976. Such a budget should be broken down by departments and further broken down by line item in each department.
- B. Recommendation: Following preparation of a balanced budget for the new fiscal year, the Administrator should establish a budget system which basically parallels the system outlined in the General Statutes for local governments and public authorities.
- C. Recommendation: The Administrator, assisted by the hospital staff, should develop a capital budget for the hospital which would examine the capital needs for the hospital for a 5-year period. Updating of this budget should become a part of the yearly budgeting process.
- D. Recommendation: The county commissioners should designate to what purposes county funds appropriated to the hospital may be used. Such a designation would serve two purposes - first, it would allow the county commissioners to retain a degree of control over the funds, and secondly, it would force the hospital to stop using the funds as a stop-gap measure and to anticipate both revenues and expenditures.

3. Definition of Roles of Administrator and Medical Staff

- Finding: The administration of the hospital appears to be dominated by the medical staff, primarily the chief-of-staff. The confusion of the roles

played by the Administrator and the medical staff has led to bypassing of the Administrator and frustration on the part of some employees.

- A. Recommendation: The Administrator should establish more clearly his role with the staff. Discussion of the problem with the newly formed "management team" would inhibit further bypassing of the Administrator.

PROCEDURAL CHANGES

1. Business Office Procedures

- Finding: The hospital business office is inefficient. As stated previously, this is due to several factors which include an unaggressive business manager, a labor intensive means of record keeping and accounting, and lax billing procedures.

A. Recommendation: That the present Business Manager be retained but that she be urged to become more assertive and that the Administrator provide support in this. A number of people, hospital staff, medical staff, Trustees and individuals outside the hospital have suggested that the hospital should hire a Business Manager-Assistant Administrator. While such an individual would benefit the operation of the hospital, the cost (estimated at \$12,000 - \$14,000 per year) probably could not be justified in a hospital the size of Bertie County Memorial Hospital.

B. Recommendation: The Administrator should have a study conducted as to the feasibility of mechanizing most of the operations performed in the business office. The present method of doing most of the work by hand is expensive, slow and error-prone. Companies such as NCR and Burroughs will conduct such a study at no cost to the hospital. The hospital could obtain one accounting machine which would perform almost all the operations in the

business office (payroll, billing, accounts receivable, third party billing, Mediscan for PSRO review, etc.) more efficiently and will permit a reduction of the business office staff by three positions.

- C. Recommendation: The Business Office Manager should become more aggressive in billing. As stated in previous Chapters, bills are often uncollected. The initial bills should indicate the due date of the payment. The hospital must re-establish its credibility as a collection agency.
- D. Recommendation: Bills that the hospital has been unsuccessful in collecting should be turned over to a collection agency. The hospital presently has a large number of bills which could be turned over to such an agency.

2. Personnel Policy

- Finding: The hospital lacks an adequate personnel policy.
- A. Recommendation: The Administrator, assisted by his "management team", should develop a personnel policy and pay plan for the hospital.

3. Internal Paper Flow

- Finding: Many of the staff, particularly newer employees, are not familiar with hospital procedures as pertains to internal paper flow. Records from the emergency room and the floors are sometimes incomplete resulting in lost charges and bills not deliverable. Many medical charts remain incomplete, costing the hospital money.
- A. Recommendation: A manual of procedures should be established which would include examples of all forms used in the hospital and flow charts to illustrate where and for what purpose those forms are used.
- B. Recommendation: A check-off system should be initiated whereby anyone filling out a hospital form would sign or initial the form. This would allow the Administrator to identify those individuals responsible for incomplete forms.

- C. Recommendation: The Administrator should continue to work with the medical staff on the problem of incomplete charts. The Administrator should include in his monthly report to the Trustees an accounting of the number and dollar amount of incomplete charts by physician.

4. Board of Trustees

- Finding: The monthly financial report presented to the Trustees is useless to them. Members of the Board of Trustees are often not adequately prepared.
- A. Recommendation: The Administrator, assisted by the Business Office Manager, should prepare a financial statement format more useful and comprehensible to the Trustees.
- B. Recommendation: The Administrator, under the guidance of the Board of Trustees and assisted by his "management team", should conduct a series of workshops for the Trustees to familiarize them with needs of the hospital from the staff viewpoint, developments in hospital related legislation and grants, etc.

5. Personnel Incentives

- Finding: Personnel in the Lab and X-Ray departments are not compensated or given any incentives for overtime work for being called in after hours.
- A. Recommendation: The hospital should establish higher charges for lab and x-ray work after normal operating hours. These higher charges would allow the hospital to provide financial incentives to the lab and x-ray personnel for extra duty.

6. Administrator's Office

- Finding: The physical location of the Administrator's office subjects him to constant interruption.

A. Recommendation: Move the physical location of the Administrator's office into space made available by reduction in the size of the business office staff.

V. ACTION PLAN

This Chapter outlines the various steps which must be taken by Bertie County Memorial Hospital in order to implement the recommendations contained in the preceding chapter. In describing the action plan, each recommendation is analyzed as to (1) the task involved, (2) the assignment of responsibility for each task, (3) the manpower implications, and (4) the financial implications.

ORGANIZATION RECOMMENDATIONS

Recommendation 1-A

The Board of Trustees should create a Community Relations Council. This Council should be charged with the responsibility of informing the community of hospital policies, program and other points of interest. The Council should also serve as a sensitively attuned antenna which is constantly aware of shifts in public opinion as regards the hospital. The Council should make periodic reports to the Trustees and Administrator as to what the public perceives is the strengths and weaknesses of the hospital.

Tasks Involved:

1. The Administrator should draft a resolution creating the Bertie County Memorial Hospital Community Relations Council.
2. The Board of Trustees should pass a resolution based on the one drafted by the Administrator, establishing the Community Relations Council.
3. The Trustees should appoint members to the Council representing a cross section of the community.

Responsibility Assignment:

The Board of Trustees are responsible for Tasks 2 and 3; the Administrator, Task 1.

Manpower Implication: None

Financial Implication: None

Recommendation 2-A

The Administrator should establish a Grievance Committee. The Committee should be charged with establishing a Grievance Policy and implementing that policy once it has been approved by the Administrator and Trustees.

Tasks Involved:

Task is noted in recommendation.

Responsibility Assignment:

This is an administrative matter which requires action by the hospital Administrator.

Manpower Implication: None

Financial Implication: None

PROCESS RECOMMENDATIONS

Recommendation 1-A

The Administrator should develop a formal, comprehensive management process. This management process should contain the five basic functions (comprehensive policy planning, budgeting, project planning and implementation, monitoring, and evaluation) of management outlined in Chapter II.

Tasks Involved:

1. The Administrator should organize his Management Team (Recommendation 1-D).

2. The Administrator and Management Team should review the five basic functions of management outlined in Chapter II and discuss how they might be established in Bertie County Memorial Hospital.
3. Out of the above tasks, the Administrator and Management Team should formulate their own action plan to implement the management process.
4. The Administrator should report to the Board of Trustees the progress made toward establishing a formal management process.

Responsibility Assignment:

This is an administrative matter to be dealt with by the Administrator.

Manpower Implication: None

Financial Implication: None

Recommendation 1-B

An annual "Report on the Status of Bertie County Memorial Hospital: should be submitted with the proposed budget to the Board of Trustees. The report should contain (1) an assessment of existing facilities and personnel, (2) projected needs as related to existing facilities, (3) new programs reflected in the proposed budget, and (4) how the proposed budget relates to the long-term objectives of the hospital.

Tasks Involved:

Tasks are noted in recommendation.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 1-C

The Board of Trustees, assisted by the Administrator and hospital staff, should conduct a comprehensive review of existing policy and update any policies found lacking.

Tasks Involved:

1. The Administrator, assisted by the Management Team, should review and analyze existing hospital policy.
2. The Administrator should report the findings of his review and analysis, along with recommended changes, to the Board of Trustees.
3. The Board of Trustees should adopt a new comprehensive set of policies.

Responsibility Assignment:

The Administrator is responsible for Tasks 1 and 2; the Board of Trustees, Task 3.

Manpower Implication: None

Financial Implication: None

Recommendation 1-D

The Administrator should develop a data system which meets his needs, the needs of the Board of Trustees and the needs of the staff. The Administrator should survey those parties to determine what their needs are.

Tasks Involved:

1. The Administrator should survey the staff and Trustees to determine what information they need.
2. The Administrator should discuss with the Management Team what information is currently available and where other information can be obtained.
3. The Administrator should require the needed information be collected.

Responsibility Assignment: Administrator

Manpower Implications: None

Financial Implications: None

Recommendation 1-E

The Administrator should organize the hospital department heads into a "management team" who would add their expertise and experience to the management of the hospital. Such a management team would bring the decision-making process out into the open, facilitate inter-departmental communication and relieve some of the administrative burden presently placed on the Administrator.

Tasks Involved:

Tasks are noted in recommendation.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 1-F

Building on the above actions, the Administrator, assisted by his management team, should implement a system of management-by-objectives. An MBO system would allow the hospital to establish measurable objectives by which the hospital staff could measure their progress at the end of each year. This would give direction to the staff and provide the Trustees with an objective means of evaluating the performance of the hospital staff.

Tasks Involved:

Tasks noted in recommendation.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 2-A

The Administrator, assisted by the Business Manager and the other department heads, should immediately prepare a balanced budget based on anticipated revenues and expenditures for the fiscal year beginning October 1, 1976. Such a budget should be broken down by departments and further broken down by line item in each department.

Task Involved:

1. Administrator should ask each department head to prepare a departmental budget that anticipates both revenues and expenditures.
2. The Administrator should take the departmental budgets and, making adjustments, arrive at a balanced budget for the hospital.
3. The Administrator should present a balanced budget to the Board of Trustees.
4. The Board of Trustees should adopt a balanced budget.

Responsibility Assignment:

The Administrator is responsible for Tasks 1, 2, and 3; the Board of Trustees, Task 4.

Manpower Implication: None

Financial Implication: None

Recommendation 2-B

Following preparation of a balanced budget for the new fiscal year, the Administrator should establish a budget system which basically parallels the system outlined in the General Statutes for local government and public authorities.

Tasks Involved:

Tasks noted in recommendation

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 2-C

The Administrator, assisted by the hospital staff, should develop a capital budget for the hospital which would examine the capital needs for the hospital for a 5-year period. Updating of this budget should become a part of the yearly budgeting process.

Tasks Involved:

1. The Mid-East Commission has publicized a manual on capital budgeting. The Administrator should obtain this and follow the procedures outlined.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 2-D

The County Commissioners should designate to what purposes county funds appropriated to the hospital may be used. Such a designation would serve two purposes - first, it would allow the County Commissioners to retain a degree of control over the funds, and, secondly, it would force the hospital to stop using the funds as a stop-gap measure and to anticipate both revenues and expenditures.

Tasks Involved:

Noted in recommendation.

Responsibility Assignment: County Commissioners

Manpower Implication: None

Financial Implication: None

Recommendation 3-A

The Administrator should establish more clearly his role with the staff. Discussion of the problem with the newly formed "management team" would inhibit further bypassing of the Administrator.

Tasks Involved:

Noted in recommendation.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

PROCEDURAL RECOMMENDATIONS

Recommendation 1-A

That the present Business Manager be retained but that she be urged to become more assertive and that the Administrator provide support in this. A number of people, hospital staff, medical staff, Trustees and individuals outside the hospital have suggested that the hospital should hire a Business Manager-Assistant Administrator. While such an individual would benefit the operation of the hospital, the cost (estimated at \$12,000 - \$14,000 per year) could not be justified in a hospital the size of Bertie County Memorial Hospital.

Tasks Involved:

Noted in recommendation.

Responsibility Assignment:

Administrator and Business Manager

Manpower Implication: None

Financial Implication: None

Recommendation 1-B

The Administrator should have a study conducted as to the feasibility of mechanizing most of the operations performed in the Business Office. The present method of doing most of the work by hand is expensive, slow and error-prone. Companies such as NCR and Burroughs will conduct such a study at no cost to the hospital. The hospital could obtain one accounting machine which would perform almost all the operations in the Business Office (payroll, billing, accounts receivable, third party billings, Mediscan for PSRO review, etc.) more efficiently and will permit a reduction of the Business Office staff by three positions.

Tasks Involved:

1. Contact accounting machine company and request study.
2. Review study and make decision regarding machines and personnel.
3. Report to Trustees the actions taken.

Responsibility Assignment: Administrator

Manpower Implication:

Obtaining accounting machines could reduce the manpower requirements of the Business Office by three positions.

Financial Implications:

The accounting machines would cost approximately \$550 per month including maintenance. Reduction of the Business Office staff by three positions would save approximately \$1,200 per month. Net savings would be approximately \$650 per month or \$7,800 per year.

Recommendation 1-C

The Business Office Manager should become more aggressive in billing. As stated in previous chapters, bills are often uncollected. The initial bills should indicate the due date of the payment. The hospital must re-establish its credibility as a collection agency.

Tasks Involved:

1. The initial bills sent out should have a due date prominently displayed.
2. A comprehensive review should be conducted to discover the extent of uncollected bills.
3. A weekly report should be made to the Administrator on progress made on uncollected bills for a period of three months.
4. Billing procedures should be strictly followed.

Responsibility Assignment: Business Office Manager

Manpower Implication: None

Financial Implication: None

Recommendation 1-D

Bills that the hospital has been unsuccessful in collecting should be turned over to a collection agency. The hospital presently has a large number of bills which could be turned over to such an agency.

Tasks Involved:

Noted in recommendation.

Responsibility Assignment: Business Office Manager

Manpower Implication: None

Financial Implication: None

Recommendation 2-A

The Administrator, assisted by his "management team", should develop a personnel policy and pay plan for the hospital.

Tasks Involved:

Noted in recommendation

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 3-A

A manual of procedures should be established which would include examples of all forms used in the hospital and flow charts to illustrate where and for what purpose those forms are used.

Tasks Involved:

Noted in recommendation.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 3-B

A check-off system should be initiated whereby anyone filling out a hospital form would sign or initial the form. This would allow the Administrator to identify those individuals responsible for incomplete forms.

Tasks Involved:

1. Initiate check-off system of forms.
2. Compile monthly list of incomplete forms and who is responsible for the forms being incomplete.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 3-C

The Administrator should continue to work with the medical staff on the problem of incomplete charts. The Administrator should include in his monthly report to the Trustees an accounting of the number and dollar amount of incomplete charts by physician.

Tasks Involved:

Noted in recommendation.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 4-A

The Administrator, assisted by the Business Office Manager, should prepare a financial statement format that is more useful and comprehensive to the Trustees.

Tasks Involved:

Noted in recommendation.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 4-B

The Administrator, under the guidance of the Board of Trustees and assisted by his "management team", should conduct a series of workshops for

the Trustees to familiarize them with needs of the hospital from the staff viewpoint, developments in hospital related legislation and grants, etc.

Tasks Involved:

Noted in recommendation.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

Recommendation 5-A

The hospital should establish higher charges for lab and x-ray work after normal operating hours. These higher charges would allow the hospital to provide financial incentives to the lab and x-ray personnel for extra duty.

Tasks Involved:

1. The Administrator, assisted by the Management Team, should determine what charges should be for lab and x-ray services performed outside regular hours and make a recommendation to the Board of Trustees.
2. The Board of Trustees should adopt the charges.

Responsibility Assignment:

The Administrator is responsible for Task 1; the Board of Trustees, Task 2.

Manpower Implication: None

Financial Implication: None

Recommendation 6-A

Move the physical location of the Administrator's office into space made available by reduction in the size of the Business Office staff.

Tasks Involved:

1. Accomplish streamlining of Business Office staff (Recommendation 1-B above).
2. Physically relocate office.

Responsibility Assignment: Administrator

Manpower Implication: None

Financial Implication: None

APPENDIX A

CHECK-OFF CHART FOR IMPLEMENTATION OF RECOMMENDATIONS

| Recommendations As Described in Chapter IV | Action By Trustees | Responsibility Assignment | Check-Off (Target Date✓) |
|---|--------------------|---------------------------|-----------------------------|
| ORGANIZATION CHANGES | | | |
| 1-A. Community Relations Council | | Trustees | |
| 2-A. Grievance Committee | | Administrator | |
| PROCESS CHANGES | | | |
| 1-A. Develop Management Process | | Administrator | |
| 1-B. "Report on the Status of BCMH" | | Administrator | |
| 1-C. Review of Existing Policy | | Trustees, aided by staff | |
| 1-D. Develop Data System | | Administrator | |
| 1-E. Form "Management Team" | | Administrator | |
| 1-F. Develop System of MBO | | Administrator | |
| 2-A. Prepare Balanced Budget | | Administrator | |
| 2-B. Establish Budget System | | Administrator | |
| 2-C. Develop Capital Budget | | Administrator | |
| 2-D. Tag County Funds | | County Commissioners | |
| 3-A. Define Role of Administrator and Medical Staff | | Administrator | |

APPENDIX A (Continued)
CHECK-OFF CHART FOR IMPLEMENTATION OF RECOMMENDATIONS

| Recommendations as Described in Chapter IV | Action by Trustees | Responsibility Assignment | Check-Off (Target Date/✓) |
|--|--------------------|---------------------------|------------------------------|
| PROCEDURAL CHANGES | | | |
| 1-A. Business Manager become more aggressive | | Business Manager | |
| 1-B. Study putting machines in Business Office | | Administrator | |
| 1-C. Become more aggressive in billing | | Business Manager | |
| 1-D. Turn old bill over to collection agency | | Business Manager | |
| 2-A. Personnel Policy | | Administ. & Trustees | |
| 3-A. Manual of Procedures | | Administrator | |
| 3-B. Check-off on forms | | Administrator | |
| 3-C. Incomplete charts report | | Administrator | |
| 4-A. Financial report for Trustees | | Administrator | |
| 4-B. Workshops for Trustees | | Administrator | |
| 5-A. Lab charges | | Trustees | |
| 6-A. Administrator's office | | Administrator | |
| SIX MONTH FOLLOW-UP SURVEY | | Trustees | |
| FURTHER RECOMMENDATIONS BY TRUSTEES | | | |

